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# Labour Market Measures Act<sup>1</sup>

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## Chapter 1 General Provisions

### § 1. Scope of regulation of Act

(1) This Act provides:

- 1) labour market measures and purposes thereof;
- 2) principles of organising the provision of and providing and financing labour market measures;
- 3) requirements for the registration as unemployed;
- 4) the conditions and rules of payment of unemployment allowance and principles of financing thereof;
- 5) job mediation and intermediation of temporary agency work by an undertaking;
- 6) resolution of disputes, reclamation of amounts paid without a legal basis, and regulatory enforcement.

(2) For the purposes of this Act, labour market measures mean labour market services and labour market benefits.

(3) The Administrative Procedure Act with the special rules provided in this Act apply to the administrative proceedings prescribed in this Act.

(4) The decisions, including the action plan, specified in this Act and other documents are delivered electronically, by post by unregistered letter or at the local department of the unemployment insurance fund, taking into account the special rules provided in this Act.

### § 2. Purpose of Act

The purpose of this Act is, with the help of labour market measures, to reduce unemployment and shorten the duration thereof, prevent unemployment and support maintaining employment and high-quality employment, increase labour supply and support inclusive and adaptable labour market and structural changes in the economy.

### § 3. Scope of application of Act

(1) The following have the right to the labour market measures provided in this Act:

- 1) a permanent resident of Estonia;
- 2) an alien residing in Estonia on the basis of a temporary residence permit or temporary right of residence;
- 3) a citizen of a Member State of the European Union, European Economic Area and the Swiss Confederation staying in Estonia;
- 4) a beneficiary of international protection, including temporary protection, staying in Estonia and an applicant for international protection staying in Estonia, on the conditions provided in the Act on Granting International Protection to Aliens;

5) an alien temporarily and lawfully staying in Estonia whose short-time employment is registered pursuant to the Aliens Act or whose right to work in Estonia arises from an international treaty and who is employed;

6) an employer who is a resident legal or natural person, an Estonian state or local government agency or a non-resident legal person who has a permanent establishment in Estonia or who has employees in Estonia.

(2) This Act applies to an unemployed person, employee, another person and employer.

(3) For the purposes of this Act, an unemployed person means a person who is not employed, has been registered as unemployed with the Estonian Unemployment Insurance Fund (hereinafter *unemployment insurance fund*), and is seeking employment.

(4) For the purposes of this Act, an employee means a person who is engaged in an activity specified in clauses 3–9 of subsection 4 of § 8 of this Act and contacts the unemployment insurance fund in order to receive a labour market measure.

(5) For the purposes of this Act, another person means a person who is not employed and has not been registered as unemployed with the unemployment insurance fund and who contacts the unemployment insurance fund in order to receive a labour market measure.

(6) This Act applies in the events provided in an international treaty with the special rules arising from the international treaty.

#### **§ 4. Target groups of labour market measures**

(1) The labour market measures specified in this Act are provided as follows:

1) an unemployed person is provided with the labour market measures specified in subsection 2 of § 13 of this Act;

2) an employee and another person are provided with the labour market measures specified in clauses 1–3 of subsection 2 of § 13 of this Act;

3) an employee is provided with the labour market measures specified in clauses 1 and 2 of subsection 2 of § 13 of this Act.

(2) An employee, employer and another person are provided with the labour market measures specified in clauses 4–10 of subsection 2 of § 13 of this Act in the event provided in the employment programme.

(3) Subsection 2 of this section does not apply to an alien specified in clause 5 of subsection 1 of § 3 of this Act.

(4) Labour market measures are provided taking into account the special rules arising from the employment programme and labour market measures are provided to a person on the conditions prescribed in the employment programme.

(5) A person has the right to the labour market measures provided by the unemployment insurance fund to the extent that corresponds, in the opinion of the unemployment insurance fund, to the needs of the person in order to achieve the purposes provided in this Act.

## **Chapter 2 Principles of Organising Provision of and Providing Labour Market Measures**

#### **§ 5. Organising provision of and providing labour market measures**

(1) On the basis of this Act, the provision of labour market measures is organised and labour market measures are provided by the unemployment insurance fund.

(2) The provision of labour market measures may be organised and labour market measures may be provided by local authorities and other respective natural and legal persons in the event provided in law or on the conditions and in accordance with the rules of providing labour market measures as established by the minister in charge of the policy sector.

(3) An undertaking may provide the labour market measure of job mediation specified in clause 2 of subsection 2 of § 13 of this Act and intermediate temporary agency work pursuant to the provisions of Chapter 7 of this Act.

(4) The provision of a labour market measure is decided by the organiser of the provision of the labour market measure, taking into account:

1) the profession, work experience and needs of the person and the right of the person to work and freely choose their work;

2) the needs of the employer and the right of the employer to freely choose their labour force;

3) the purpose of the labour market measure, the situation on the labour market, including the balance between labour demand and supply and regional characteristics.

(5) The unemployment insurance fund organises the provision of labour market measures and other assistance necessary for obtaining and maintaining employment in co-operation with employers, local authorities and other service providers, involving, where necessary and with the consent of a person, the close network of the person.

(6) The unemployment insurance fund has the right to involve experts in the assessment of the need for a labour market measure.

(7) The unemployment insurance fund and the labour market service provider may process the following personal data in order to organise the provision of and provide labour market measures and pay unemployment allowance:

- 1) general data of the person: given name and surname, personal identification code and the state that issued the personal identification code of the foreign state or, in the absence thereof, sex and date of birth, data on active legal capacity, residential address, contact details (postal address, telephone number and e-mail address);
- 2) data on citizenship, validity of the residence permit or right of residence, data on short-term employment in Estonia, data on the status of a beneficiary of international protection or a beneficiary of or applicant for temporary protection, data on death, bank account number;
- 3) data on the right of representation and general data of the representative: given name and surname, personal identification code, contact details;
- 4) data on the employment of the person, including on residence and employment in a foreign state, engagement in business and holding a business account;
- 5) data on the income of the person;
- 6) data on the state of health of the person, assessment of work ability and the established level of work ability, permanent incapacity for work and the degree of severity of a disability;
- 7) data on payment of allowance, pension, benefit and maintenance allowance and provision of a service by the state and local authority to the person and data on the case plan prepared for the person;
- 8) data on providing a labour market measure to the person;
- 9) data of education, profession awarded, competence or occupation and studies;
- 10) data of language skills, digital competence and motor vehicle driving skills;
- 11) other data which, for the purposes specified in this Act, serve as a basis for organising the provision of and providing labour market measures and granting unemployment allowance to the person.

(8) The labour market measures, the data of which are exchanged by the unemployment insurance fund with the labour market service provider via the X-road data exchange layer of information systems or the information system of the unemployment insurance fund, are established by the employment programme. The unemployment insurance fund notifies the labour market service provider of the exchange of data in the aforementioned manner at least six months in advance.

## **§ 6. Employment programme**

(1) The employment programme establishes the labour market services to be provided and the labour market benefits to be paid in accordance with the labour market measures listed in subsection 2 of § 13 of this Act.

(2) In order to achieve the purpose of this Act, the employment programme provides the requirements for and organisation of the provision of labour market services and payment of labour market benefits, the development activities related to labour market services and the rates of labour market services and benefits.

(3) The employment programme provides at least:

- 1) the duration and financial volume of the employment programme and the rules of financing thereof;
- 2) labour market services, purposes thereof, the persons entitled to receive them, the conditions and organisation of provision thereof;
- 3) labour market benefits, the persons entitled to receive them, the conditions and organisation of payment thereof;
- 4) the development activities related to labour market services;
- 5) the output and result indicators of the employment programme, the conditions and organisation of monitoring thereof, and the conditions and organisation of assessment of the impact of labour market services;
- 6) the conditions and rules of using foreign funds.

(4) The employment programme allows to restrict supporting curriculum categories or curriculum groups and the curricula included therein within the framework of the labour market services covered by the labour market measure of development of skills specified in clause 5, the labour market measure of support for business specified in clause 6, and the labour market measure of support for entering and maintaining employment specified in clause 9 of subsection 2 of § 13 of this Act.

(5) The employment programme is prepared taking into account, among other things, the sectoral, national and European Union strategies, development plans, operational programmes, including the operational programme for European Union support, the situation on the labour market, future forecasts for the labour market, the need to develop labour market measures, the matters agreed in the action plan of the Government of the Republic, the amount of the funds of the foundation of labour market services and benefits provided in the Unemployment

Insurance Act and the amount of the foreign funds allocated for financing the sector as well as analyses of the impact of labour market measures.

(6) The employment programme is approved by the supervisory board of the unemployment insurance fund and established by a regulation of the Government of the Republic.

(7) The employment programme is established no later than by 31 December of the calendar year preceding the expiry thereof.

(8) The employment programme is implemented by the unemployment insurance fund.

(9) In order to provide a labour market service, the unemployment insurance fund may enter into an administrative contract if so provided in the employment programme established on the basis of this Act.

## **Chapter 3**

### **Action Plan, Registration as Unemployed, Obligations of Person and Temporary Work**

#### **§ 7. Action plan**

(1) The purpose of the action plan is to plan necessary activities in order to enable a person to find employment, enter suitable employment or continue employment as soon as possible.

(2) The unemployment insurance fund prepares the action plan in co-operation with the unemployed person during work-oriented counselling (hereinafter *counselling*) no later than within 30 days of registration of the person as unemployed. Where necessary, the action plan is also prepared for an employee or another person. The action plan is reviewed during each counselling and, where necessary, amended.

(3) The action plan includes the given name and surname, personal identification code or, in the absence thereof, date of birth, contact details and data on the education, skills, work experience and job requests of the person. The action plan describes the objective and situation of the person and the labour market measures necessary for finding, obtaining or continuing employment, applications and other activities and the results thereof. The action plan sets out the time and manner of the next counselling.

#### **§ 8. Registration of person as unemployed**

(1) In order to be registered as unemployed, a person submits an application to the unemployment insurance fund. The application sets out the given name and surname, personal identification code or, in the absence thereof, date of birth, residential address, contact details and bank account number of the person.

(2) The unemployment insurance fund verifies the compliance of the person with the conditions of registration as unemployed on the basis of the data in the database of the unemployment insurance fund. If the data are missing or incorrect, the unemployment insurance fund has the right to demand additional data from the person in order to verify the compliance with the conditions of registration as unemployed.

(3) The unemployment insurance fund makes a decision to register or refuse to register a person as unemployed no later than on the second working day after the submission of a proper application. A person is registered as unemployed as of the day of submission of the respective application, but no earlier than as of the day of compliance with the conditions provided in this Act.

(4) A person is not registered as unemployed if the person:

- 1) is less than 16 years of age;
- 2) has reached the pensionable age established on the basis of the State Pension Insurance Act or an early-retirement pension has been granted to the person on the basis of the same Act;
- 3) works on the basis of an employment contract, contract for services, authorisation agreement or another contract under the law of obligations for the provision of services, or holds a business account for the purposes of the Simplified Business Income Taxation Act, or is in civil service;
- 4) holds the position of a member of the Riigikogu, a member of the European Parliament, the President of the Republic, a member of the Government of the Republic, a judge, the Chancellor of Justice, the Auditor General, the Public Conciliator, the chair or deputy chair of a municipal council working in a remunerative position, a member of a rural municipality or city government working in a remunerative position, including a rural municipality or city mayor, a rural municipality or city district elder;
- 5) is engaged in a profession in public law as an independent person;
- 6) is a member of the management board of a company, a procurator, a partner authorised to represent a general or limited partnership, the director of a branch of a foreign company or manager of another permanent establishment of a non-resident unless the person receives no payment for it and complies with the conditions of receipt of unemployment insurance benefit provided in clause 2 of subsection 1 and in subsection 2 of § 6 or in subsection 2 of § 8 of the Unemployment Insurance Act;
- 7) is a member of the management or controlling body of a legal person specified in § 9 of the Income Tax Act who has not been specified in clause 6 of this subsection and receives remuneration for such work;

8) is registered as a sole proprietor unless the activities of the person's enterprise have been suspended or the seasonal activities of the enterprise have ended and the person complies with the conditions of receipt of unemployment insurance benefit provided in clause 2 of subsection 1 and in subsection 2 of § 6 or in subsection 2 of § 8 of the Unemployment Insurance Act;

9) is entered in the register of taxable persons as the spouse or registered partner participating in the activities of the sole proprietor's enterprise unless the activities of the enterprise of the sole proprietor have been suspended or the seasonal activities of the enterprise have ended and the person complies with the conditions of receipt of unemployment insurance benefit provided in clause 2 of subsection 1 and in subsection 2 of § 6 or in subsection 2 of § 8 of the Unemployment Insurance Act;

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10) is enrolled in daytime study or full-time study at an educational institution unless the person enrolled in daytime study at the level of secondary education, daytime vocational training or full-time study at the level of higher education has been engaged in an activity specified in clauses 1–4 of subsection 3 of § 18 of this Act for at least 180 days within the last 12 months or is on academic leave;

11) is in conscript service, alternative service or reserve service;

12) does not conform to one or several of the conditions specified in clauses 1–4 of subsection 1 of § 3 of this Act;

13) is the non-working spouse or registered partner accompanying an official working in a foreign mission of the Republic of Estonia to whom the spouse and registered partner allowance is paid on the basis of subsection 1 of § 67 of the Foreign Service Act, or the non-working spouse or registered partner accompanying an official on a long-term assignment abroad to whom the spouse and registered partner allowance is paid on the basis of subsection 1 of § 46 of the Civil Service Act;

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14) receives the allowance of a rescue servant waiting for old-age pension on the basis of § 19 of the Rescue Service Act.

(5) A person is not registered as unemployed before 90 days pass from the last termination of the person's registration as unemployed if the person's last two consecutive registrations as unemployed were terminated within the 12 months prior to the submission of a respective application on the ground provided in clause 1, 2, 4 or 5 of subsection 1 of § 12 of this Act.

## **§ 9. Principal obligations of unemployed person**

(1) An unemployed person is, above all, required to:

- 1) participate in the preparation of an action plan and comply with it;
- 2) participate in counselling at the time and in the manner agreed with the person at least once within 30 days;
- 3) be ready to accept suitable work and to immediately commence work;
- 4) seek employment independently and notify the unemployment insurance fund of their searches for employment.

(2) Counselling may take place at the unemployment insurance fund on the spot, through the information system of the unemployment insurance fund, by telephone or in any other manner. The manner of counselling is decided by the unemployment insurance fund, taking into account the person's wish and opportunities to find a job. The unemployment insurance fund may change the manner of counselling during searches for employment depending on the need.

(3) An unemployed person is ready to immediately commence work if there are no circumstances which hinder the person's employment or such circumstances can be eliminated by labour market measures. An unemployed person is presumed to stay in Estonia during their search for employment. Seeking employment abroad must be agreed with the unemployment insurance fund beforehand.

(4) In addition to the principal obligations listed in subsection 1 of this section, an unemployed person must also perform other obligations arising from this Act and other legislation.

(5) Work suitable for an unemployed person during the first 20 weeks after registration as unemployed is deemed to be employment:

- 1) which is not contraindicated for the unemployed person due to health reasons;
- 2) in the event of which the journey from the place of residence to the place of work by public transport will not take the unemployed person longer than two hours a day and will not cost more than 15 per cent of the person's monthly wages;
- 3) which corresponds to the education, profession and earlier work experience of the unemployed person;
- 4) for which the salary offered is at least 60 per cent of the person's average monthly income subject to social tax but not less than twice the minimum wage established on the basis of subsection 5 of § 29 of the Employment Contracts Act, while a person's average income of one month subject to social tax is calculated taking into account the first three months out of the last six months before registration of the person as unemployed.

(6) Work suitable for an unemployed person as of the 21<sup>st</sup> week after registration as unemployed is deemed to be employment:

- 1) which is not contraindicated for the unemployed person due to health reasons;
- 2) which may be for a specified term;
- 3) in the event of which the journey from the place of residence to the place of work by public transport will not take the unemployed person longer than two hours a day and will not cost more than 15 per cent of the person's monthly wages;
- 4) for which the salary offered, in the case of full-time employment, is higher than the unemployment insurance benefit received by the unemployed person for the same period but is not lower than the minimum wage established under subsection 5 of § 29 of the Employment Contracts Act;
- 5) which need not correspond to the education, profession or earlier work experience of the unemployed person.

(7) If a person is re-registered as unemployed within six months from the termination of the person's registration as unemployed and the person has not been engaged in work or an activity equal to work specified in subsection 3 of § 18 of this Act, suitable work for the person is determined taking also into account the periods within the last 12 months during which the person has been registered as unemployed. If a person has been registered as unemployed for 20 weeks or less in total within the last 12 months, work suitable for the person is deemed to be employment corresponding to subsection 5 of this section, and as of the 21<sup>st</sup> week of registration as unemployed work suitable for the unemployed person is deemed to be employment corresponding to subsection 6 of this section. As of the 21<sup>st</sup> week of registration as unemployed calculated by adding up the periods of registration as unemployed within the last 12 months, work suitable for the unemployed person is deemed to be employment corresponding to subsection 6 of this section.

### **§ 10. Notification obligation**

(1) An unemployed person, an employee, an employer and another person whom labour market measures are provided are required to immediately notify the unemployment insurance fund of the circumstances which result in the termination of registration as unemployed or termination of the right to receive a labour market measure.

(2) An unemployed person to whom unemployment allowance is paid is required to immediately notify the unemployment insurance fund of the circumstances which result in the suspension or termination of payment of unemployment allowance.

(3) An unemployed person is required to immediately notify the unemployment insurance fund of the person's temporary work.

(4) An unemployed person, an employee and another person who participate in a labour market measure are required to immediately notify the unemployment insurance fund if they discontinue participation in the measure.

### **§ 11. Temporary work**

(1) For the purposes of this Act, temporary work means work performed on the basis of an employment contract or contract for services, authorisation agreement or another contract under the law of obligations for the provision of services or being in civil service the single duration of which does not exceed eight days during the time the person is registered as unemployed.

(2) During the time a person is registered as unemployed, the person may work on a temporary basis up to eight days in a calendar month but not more than during 12 calendar months within a period of 24 months. The 24 calendar months preceding each temporary work are regarded as the period of 24 months.

(3) The remuneration paid for temporary work in one calendar month in total and for each temporary work may not exceed 40 per cent of the minimum monthly wage of this calendar year established on the basis of subsection 5 of § 29 of the Employment Contracts Act.

### **§ 12. Termination of registration as unemployed and of provision of labour market measure**

(1) The unemployment insurance fund makes a decision on termination of a person's registration as unemployed:

- 1) if the unemployed person fails, at least once within 30 days, to participate in counselling, except if the unemployed person was unable to participate with a valid reason;
- 2) if the unemployed person fails, without a valid reason for the third time, to participate in counselling at the time or in the manner agreed with the person;
- 3) in the events listed in clauses 2–14 of subsection 4 of § 8 of this Act, except in the case of temporary work specified in § 11 of this Act;
- 4) if the unemployed person refuses to comply with the action plan without a valid reason for the third time;
- 5) if the unemployed person refuses suitable work without a valid reason for the third time;
- 6) if business start-up subsidy has been transferred to the bank account of the unemployed person within the framework of the labour market measure of support for business;
- 7) at the request of the unemployed person;

- 8) upon the death of the unemployed person;
- 9) if the unemployed person is not ready to immediately commence work;
- 10) if the duration of temporary work performed by the unemployed person exceeds the duration provided in subsection 2 of § 11 of this Act in one calendar month or over a period of 24 months;
- 11) if the remuneration paid to the unemployed person for temporary work exceeds the limit provided in subsection 3 of § 11 of this Act.

(2) The unemployment insurance fund may terminate the provision of a labour market measure to an employee or another person if the person does not comply with the action plan.

## **Chapter 4**

### **Labour Market Measures Provided by Unemployment Insurance Fund**

#### **§ 13. Labour market measures**

(1) The unemployment insurance fund provides labour market measures in accordance with the provisions of this Chapter. The labour market services and benefits, which constitute labour market measures, are prescribed in the employment programme.

(2) Labour market measures are:

- 1) provision of information on the situation on the labour market, and on the labour market services and benefits;
- 2) job mediation;
- 3) career services;
- 4) work-oriented counselling;
- 5) development of skills;
- 6) support for business;
- 7) support for work readiness;
- 8) support for work ability;
- 9) support for entering and maintaining employment;
- 10) support for participation in a labour market service.

#### **§ 14. Purposes of labour market measures**

(1) Provision of information on the situation on the labour market and on labour market services and benefits is a labour market measure the purpose of which is to provide information on the situation on the labour market, on working and studying opportunities and on labour market services and benefits.

(2) Job mediation is a labour market measure the purpose of which is to support a person in finding suitable work and an employer in finding a suitable employee, including intermediate information necessary for finding work and an employee.

(3) Career services are a labour market measure the purpose of which is to provide a person with information on studying and working opportunities, support informed choices of the learning pathway and employment, increase self-awareness and support career development.

(4) Work-oriented counselling is a labour market measure the purpose of which is to support a person's searches for and choices of employment, entering or adapting to employment and maintaining employment.

(5) Development of skills is a labour market measure the purpose of which is to support the acquisition and development of the knowledge and skills necessary for the employment of a person.

(6) Support for business is a labour market measure the purpose of which is to support a person in starting business and ensure sustainability of such an activity.

(7) Support for work readiness is a labour market measure the purpose of which is to prepare a person for searches for employment and for working life, support work habits and provide counselling for how to eliminate impediments to obtaining employment and to working.

(8) Support for work ability is a labour market measure the purpose of which is to support a person with a health impediment in entering and maintaining employment.

(9) Support for entering and maintaining employment is a labour market measure the purpose of which is to compensate the expenses of a person related to entering or maintaining employment.

(10) Support for participation in a labour market service is a labour market measure the purpose of which is to compensate a person for expenses related to participation in a service.

#### **§ 15. Limit of benefit payable within framework of labour market measures**

If a labour market benefit is paid to a person within the framework of the labour market measure of support for participation in a labour market service in order to compensate for the expenses related to the participation in a labour market service and encourage participation in a labour market service:

- 1) for the time engaged, the daily rate of the benefit to be established may not be higher than sixfold the minimum hourly wage established on the basis of subsection 5 of § 29 of the Employment Contracts Act;
- 2) for the distance covered, the rate of the benefit per kilometre to be established may not be higher than the limit per kilometre as established in clause 2 of subsection 3 of § 13 of the Income Tax Act, but no more than tenfold the minimum hourly wage established on the basis of subsection 5 of § 29 of the Employment Contracts Act a day.

## **Chapter 5 Sources of Financing Labour Market Measures and Unemployment Allowance**

#### **§ 16. Financing labour market measures**

Labour market measures are financed from the funds of the foundation of labour market services and benefits provided in § 38<sup>1</sup> of the Unemployment Insurance Act, allocations from the state budget intended for a specific purpose and European Union or other support prescribed for financing labour market measures.

#### **§ 17. Financing unemployment allowance**

Unemployment allowance is financed from the funds allocated from the state budget to the budget of the unemployment insurance fund as an allocation intended for a specific purpose.

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## **Chapter 6 Conditions and Rules of Application for and Grant and Payment of Unemployment Allowance**

#### **§ 18. Right to receive unemployment allowance**

(1) An unemployed person who has been engaged in work or an activity equal to work for at least 180 days within the 12 months prior to registration as unemployed, except in the events listed in subsection 5 of this section, and whose income of one month is less than the 31-fold daily unemployment allowance rate has the right to receive unemployment allowance.

(2) The following is not included in the income specified in subsection 1 of this section:

- 1) the subsistence benefit payable on the basis of the Social Welfare Act;
- 2) the family allowances payable on the basis of the Family Benefits Act;
- 3) the social benefits for disabled persons payable on the basis of the Social Benefits for Disabled Persons Act;
- 4) the support payable to a child on the basis of the Family Law Act;
- 5) the maintenance allowance payable on the basis of the Family Benefits Act;
- 6) the benefit paid by the voluntary unemployment insurance funds of trade unions;
- 7) the remuneration payable for temporary work provided in § 11 of this Act;
- 8) the benefits payable on the basis of the employment programme established on the basis of this Act and the benefits co-financed from the European Union support;
- 9) the single or periodic benefits paid from the funds of the state budget or the budget of a local authority or the benefits paid in order to compensate for expenses.

(3) The work and activity equal to work specified in subsection 1 of this section means:

- 1) working on the basis of an employment contract or in civil service in Estonia or as an employee sent from Estonia on assignment abroad;
- 2) holding the position of a member of the Riigikogu, a member of the European Parliament, the President of the Republic, a member of the Government of the Republic, a judge, the Chancellor of Justice, the Auditor General, the Public Conciliator, the chair or deputy chair of a municipal council working in a remunerative position, a member of a rural municipality or city government working in a remunerative position, including a rural municipality or city mayor, a rural municipality or city district elder;
- 3) engaging in a profession in public law as an independent person;
- 4) providing a service in Estonia on the basis of a contract for services, authorisation agreement or another contract under the law of obligations for the provision of services and providing a service or selling goods for the purposes of the Simplified Business Income Taxation Act;

5) acting as a sole proprietor in Estonia or participating as a spouse or registered partner in the activities of the sole proprietor's enterprise if the spouse or registered partner was entered in the register of taxable persons as the spouse or registered partner participating in the activities of the sole proprietor's enterprise, while the time of acting as a sole proprietor or participating as a spouse or registered partner in the activities of the sole proprietor's enterprise does not include the period during which the activities of the enterprise were suspended or the seasonal activities of the enterprise had ended;

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6) being enrolled in daytime study or full-time study at an educational institution if the person has completed their studies, while the study period does not include the period during which the person is on academic leave;

7) being in conscript service, alternative service or reserve service;

8) being the non-working spouse or registered partner accompanying an official working in a foreign mission of the Republic of Estonia if the person is paid the spouse and registered partner allowance specified in subsection 1 of § 67 of the Foreign Service Act, or the non-working spouse or registered partner accompanying an official on a long-term assignment abroad if the person is paid the spouse and registered partner allowance on the basis of subsection 1 of § 46 of the Civil Service Act.

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(4) The work and activity equal to work specified in clauses 1, 2, 4 and 8 of subsection 3 of this section, except holding the position of a member of the European Parliament, is taken into account on the basis of the data of the employment register provided in § 25<sup>1</sup> of the Taxation Act.

(5) Previous engagement in work or an activity equal to work is not required from an unemployed person who has, for at least 180 days within the 12 months prior to registration as unemployed:

1) raised, as one of the parents or guardians, a child of up to 18 years of age with a moderate, severe or profound disability, a child under 8 years of age or a child of 8 years of age until the child completed year one at school;

2) undergone in-patient treatment;

3) cared on the basis of a written contract entered into with a local authority for a sick person, a person who is permanently incapacitated for work, a person with partial or no work ability or an elderly person who is not a family member;

4) cared for a disabled person, and a rural municipality or city government has paid the person allowance for such care;

5) been unemployed due to declaration as permanently incapacitated for work or establishment of having no work ability;

6) been held in custody or served a sentence in a prison or house of detention.

(6) On the basis of clause 1 of subsection 5 of this section, unemployment allowance is paid to the parent with whom the child resides. In order for the child-raising period to be taken into account as the engagement of the applicant for unemployment allowance, the written consent of the other parent or the written justification of the applicant for why the written consent of the other parent cannot be provided must be submitted.

(7) If an unemployed person has been engaged in the work or activity equal to work listed in subsection 3 or activity listed in subsection 5 of this section for less than 180 days, the periods of engagement in such work or activity which do not overlap are added up when granting unemployment allowance.

(8) Upon granting unemployment allowance, the periods of engagement in the work or activity equal to work listed in subsection 3 or activity listed in subsection 5 of this section and temporary work which overlap with the period during which the person was registered as unemployed are not taken into account.

(9) As of the moment of granting unemployment allowance, the periods of engagement in the activities specified in subsections 3 and 5 of this section are deemed equal to zero.

(10) An unemployed person has no right to receive unemployment allowance during the period the person is paid unemployment insurance benefit on the basis of the Unemployment Insurance Act.

(11) An unemployed person has no right to receive unemployment allowance during the period the person is paid work ability allowance on the basis of the Work Ability Allowance Act unless the work ability allowance is paid retroactively for the period which overlaps with the period of payment of unemployment allowance.

(12) If flexible old-age pension has been granted to an unemployed person on the basis of the State Pension Insurance Act, the person has no right to receive unemployment allowance unless the flexible old-age pension is paid retroactively for the period which overlaps with the period of payment of unemployment allowance.

(13) The unemployment insurance fund verifies the compliance of the person with the conditions of receipt of unemployment allowance on the basis of the data in the database of the unemployment insurance fund. If the data are missing or incorrect, the unemployment insurance fund has the right to demand additional data from the person in order to verify the compliance with the conditions of receipt of unemployment allowance.

## **§ 19. Conditions of receipt of unemployment allowance**

(1) A recipient of unemployment allowance must participate in counselling at the time and in the manner agreed with the person and comply with the conditions, and perform the activities agreed in the action plan.

(2) An unemployed person who has received allowance on the basis of subsection 5 of § 18 of this Act has the right to receive the allowance repeatedly on the basis of the same subsection if:

- 1) at least five years have passed from the last grant of the allowance on the basis of subsection 5 of § 18 of this Act to the person, or
- 2) the person has been engaged in the work or activity equal to work specified in clauses 1–5 of subsection 3 of § 18 of this Act for at least 180 days within the 24 months prior to repeated registration as unemployed.

(3) An unemployed person, who has not been engaged for at least 180 days as required in subsection 1 of § 18 of this Act and to whom payment of unemployment allowance has been terminated before the end of the period specified in subsections 1–3 of § 22 or to whom payment of unemployment insurance benefit has been terminated before the end of a period of 270 days, has the right to receive unemployment allowance if the person:

- 1) has been registered as unemployed again within 12 months of the day of the last registration as unemployed;
- 2) has in the meantime been engaged in an activity specified in clauses 1–5, 7 or 8 of subsection 3 of § 18 of this Act;
- 3) complies with other conditions of receipt of unemployment allowance provided in this Act.

(4) Subsection 3 of this section does not apply to:

- 1) the persons specified in clauses 1, 2, 4 and 5 of subsection 1 of § 12 of this Act;
- 2) the persons specified in clauses 1–3 of subsection 1 of § 25 of this Act if their registration as unemployed has been terminated on the basis of clause 7 of subsection 1 of § 12.

## **§ 20. Application for unemployment allowance**

In order to apply for unemployment allowance, the unemployed person submits a proper application and necessary documents to the unemployment insurance fund. The application sets out the given name and surname, personal identification code or, in the absence thereof, date of birth, residential address, bank account number and contact details of the person and data about the circumstances specified in subsections 3 and 5 of § 18 of this Act unless the data can be obtained from databases.

## **§ 21. Grant of unemployment allowance**

(1) The unemployment insurance fund makes a decision to grant or refuse to grant unemployment allowance within ten working days of the submission of a proper application. If a person has, simultaneously with the submission of an application for unemployment allowance, submitted an application for unemployment insurance benefit, the unemployment insurance fund will make a decision on granting unemployment allowance within ten working days of the day of refusal to grant unemployment insurance benefit or dismissal of the application.

(2) Unemployment allowance is granted as of the eighth day after the day of submission of an application for unemployment allowance, but no earlier than as of the eighth day after registration of the person as unemployed.

(3) An unemployed person who, before the person's registration as unemployed, was enrolled in daytime study or full-time study at an educational institution is granted unemployment allowance as of the 61<sup>st</sup> day after the day of submission of the application for unemployment allowance.

(4) The unemployed person specified in subsection 3 of § 22 of this Act is granted unemployment allowance as of the day of submission of the application, but no earlier than as of the day following the day when payment of unemployment insurance benefit ended. If the unemployed person submitted an application for unemployment allowance after the payment of unemployment insurance benefit ended, unemployment allowance will be granted as of the day following the day when payment of unemployment insurance benefit ended.

(5) An unemployed person who applied for unemployment insurance benefit on the basis of the Unemployment Insurance Act, but who was not granted it, is granted unemployment allowance as of the eighth day after the day of submission of the application for unemployment insurance benefit. An unemployed person specified in subsection 3 of this section who applied for unemployment insurance benefit on the basis of the Unemployment Insurance Act, but who was not granted it, is granted unemployment allowance as of the 61<sup>st</sup> day after the day of submission of the application for unemployment insurance benefit.

(6) In the event specified in subsection 3 of § 19 of this Act, unemployment allowance is granted as of the day of submission of the application, but no earlier than as of the day of registration of the person as unemployed.

## **§ 22. Period of payment of unemployment allowance**

(1) Unemployment allowance is paid for a period of up to 270 days.

(2) An unemployed person whose last service relationship was terminated on the basis of subsection 1 of § 94 of the Civil Service Act or whose last employment contract was cancelled for a reason specified in clauses 3–8 of subsection 1 of § 88 of the Employment Contracts Act is paid unemployment allowance for a period of up to 210 days.

(3) An unemployed person who has been paid unemployment insurance benefit pursuant to § 8 of the Unemployment Insurance Act for a period shorter than 270 days is paid unemployment allowance until the end of the period of 270 days.

(4) An unemployed person is paid unemployment allowance after the end of the period specified in subsections 1–3 of this section until the person attains pensionable age if the unemployed person attains pensionable age in less than 180 days.

(5) In the event specified in subsection 3 of § 19 of this Act, the total amount of unemployment allowance paid for two or more periods of registration as unemployed may not exceed the amount prescribed for the days provided in subsections 1–3 of this section.

### **§ 23. Calculation and payment of unemployment allowance**

(1) The daily rate which is the basis for the calculation of unemployment allowance is established by the state budget for a budgetary year, however the 31-fold daily rate may not be less than 50 per cent of the minimum monthly wage established on the basis of subsection 5 of § 29 of the Employment Contracts Act in force on 1 July of the year preceding the budgetary year.

(2) Unemployment allowance is calculated retroactively for the days between the unemployed person's participation in counselling. For the first time, unemployment allowance is calculated from the day when the unemployment allowance is granted to the day when the unemployed person participates in counselling (inclusive). Thereafter, unemployment allowance is calculated from the day following the day when the unemployed person participates in counselling to the next day when the person participates in counselling (inclusive).

(3) Unemployment allowance is paid at least once within 30 days.

(4) If payment of unemployment allowance has been suspended on the basis provided in subsection 1 of § 24 of this Act, unemployment allowance is calculated from the day following the period of suspension to the day when the unemployed person participates in counselling (inclusive).

(5) Unemployment allowance is paid:

- 1) to the bank account of the unemployed person in Estonia at the expense of the payer;
- 2) to the account of the unemployed person in a bank in a foreign state at the expense of the recipient unless otherwise provided in an international treaty, or
- 3) on the basis of an electronic application, a notarially authenticated application or a written application of the unemployed person prepared in the unemployment insurance fund to the bank account of another person in Estonia at the expense of the payer.

### **§ 24. Suspension of payment of unemployment allowance**

(1) The payment of unemployment allowance is suspended as of the day following the day of last counselling if:

- 1) the unemployed person refuses suitable work without a valid reason for the first time – for ten days;
- 2) the unemployed person refuses to comply with the action plan without a valid reason for the first time – for ten days;
- 3) the unemployed person fails to participate in counselling at the time or in the manner agreed with the person without a valid reason for the first time – until the day the person participates in counselling (inclusive);
- 4) the unemployed person receives a one-time income in an amount equal to at least the 31-fold daily unemployment allowance rate – for 30 days.

(2) In the events specified in clauses 1–3 of subsection 1 of this section, the number of days for which the person is entitled to receive unemployment allowance is reduced by the number of days provided in the aforementioned clauses.

### **§ 25. Premature termination of payment of unemployment allowance**

(1) The payment of unemployment allowance is terminated prematurely if:

- 1) the unemployed person fails to participate in counselling at the time or in the manner agreed with the person without a valid reason for the second time;
- 2) the unemployed person refuses to comply with the action plan without a valid reason for the second time;
- 3) the unemployed person refuses suitable work without a valid reason for the second time;

- 4) the registration of the person as unemployed is terminated on the basis of subsection 1 of § 12 of this Act;
- 5) the unemployed person has a permanent monthly income in the amount equal to at least the 31-fold daily unemployment allowance rate;
- 6) the unemployed person has been granted work ability allowance on the basis of the Work Ability Allowance Act – as of the day on which such a right arises;
- 7) the unemployed person has been granted flexible old-age pension on the basis of the State Pensions Insurance Act – as of the day on which such a right arises.

(2) The permanent monthly income specified in clause 5 of subsection 1 of this section is deemed to be the income that the person receives at least until the end of the period of payment of unemployment allowance granted to the person.

(3) If work ability allowance is paid retroactively for the period of time which overlaps with the period of payment of unemployment allowance, the payment of unemployment allowance is terminated as of the day following the last day for which unemployment allowance is calculated prior to the day of the decision concerning the work ability allowance.

(4) If flexible old-age pension is paid retroactively for the period of time which overlaps with the period of payment of unemployment allowance, the payment of unemployment allowance is terminated as of the day following the last day for which unemployment allowance is calculated prior to the day of the decision concerning the grant of flexible old-age pension.

## **Chapter 7**

### **Job Mediation and Intermediation of Temporary Agency Work by Undertaking**

#### **§ 26. Notification obligation**

An undertaking submits a notice of economic activities in accordance with the rules provided in the General Part of the Economic Activities Code Act prior to commencement of economic activities if the undertaking:

- 1) is engaged in job mediation specified in clause 2 of subsection 2 of § 13 and provided in subsection 2 of § 14 of this Act;
- 2) enters into an employment contract with a person to send the person for temporary agency work for the purposes of subsection 5 of § 6 of the Employment Contracts Act (hereinafter *intermediation of temporary agency work*).

#### **§ 27. Prohibition on charging of fee**

(1) An undertaking engaged in job mediation specified in clause 1 of § 26 of this Act may not charge a fee for job mediation from a person wishing to find a job.

(2) An undertaking engaged in intermediation of temporary agency work specified in clause 2 of § 26 of this Act may not charge a fee from an employee for sending the employee for temporary agency work.

## **Chapter 8**

### **Resolution of Disputes and Reclamation of Amounts Paid Without Legal Basis**

#### **§ 28. Challenge proceedings**

A person who finds that their rights have been infringed or freedoms have been restricted upon registration of the person as unemployed, preparation of an action plan, provision of labour market measures or grant of unemployment allowance may file a challenge with the unemployment insurance fund.

#### **§ 29. Reclamation of amounts paid without legal basis**

(1) The unemployment insurance fund may reclaim the amounts spent without a legal basis on the labour market services provided and labour market benefits paid within the framework of labour market measures and on unemployment allowance paid (hereinafter *amounts paid without a legal basis*). In the events provided in the employment programme established on the basis of this Act, the unemployment insurance fund reclaims the amounts spent on labour market services and labour market benefits.

(2) The unemployment insurance fund may reclaim the amounts paid without a legal basis from a person at once or, in accordance with a written agreement entered into with the person, in parts on the basis of a repayment schedule.

(3) If a written agreement is not reached or if the person fails to comply with the agreement, the unemployment insurance fund has the right to withhold the amounts paid without a legal basis at once or in parts from the unemployment allowance payable for the next calendar months. Upon withholding unemployment allowance, at least 50 per cent of the unemployment allowance payable is retained for the person. With the written consent of the person, more than 50 per cent of the unemployment allowance payable may be withheld.

(4) The unemployment insurance fund may waive reclaiming the amount specified in subsection 1 of this section in the event of persons who have difficulties due to an emergency situation, a state of emergency or a state of war unless the amount has been paid out in connection with a labour market service or labour market benefit established for the emergency situation, state of emergency or state of war. Reclamation cannot be waived and the waiver is void if the person has knowingly submitted false information or the reclamation was waived due to the use of fraud by the person. The special rule specified in the first sentence of this subsection may be applied and reclamation may be waived within up to 270 calendar days after the termination of the emergency situation, state of emergency or state of war.

(5) If a person fails to repay the amounts paid without a legal basis, the unemployment insurance fund will issue a precept with a warning in order to reclaim the amounts. The precept with the warning is delivered electronically or by post by registered letter with advice of delivery. Upon failure to comply with the precept within the term set out in the warning, the unemployment insurance fund has the right to issue a precept for compulsory enforcement in accordance with the rules provided in the Code of Enforcement Procedure.

## **Chapter 9 Regulatory Enforcement**

### **§ 30. Regulatory enforcement authority**

Regulatory enforcement over compliance with the requirements provided in §§ 26 and 27 of this Act is exercised by the Labour Inspectorate.

### **§ 31. Special measures of regulatory enforcement**

In order to exercise the regulatory enforcement provided in this Act, the Labour Inspectorate may apply the special measures of regulatory enforcement provided in §§ 30, 31, 32, 49, 50 and 51 of the Law Enforcement Act on the ground and in accordance with the rules provided in the Law Enforcement Act.

## **Chapter 10 Implementing Provisions**

### **Subchapter 1 Transitional Provisions**

### **§ 32. Special rules for registration as unemployed and as a job-seeker**

(1) As of 1 January 2024, the provisions of the Labour Market Measures Act will apply to a person registered as unemployed on the basis of § 6 of the Labour Market Services and Benefits Act in force until 31 December 2023.

(2) If a person has submitted an application for registration of the person as unemployed to the unemployment insurance fund before the entry into force of this Act and no decision to register the person as unemployed has been made, the relevant decision will be made on the basis of § 6 of the Labour Market Services and Benefits Act in force until 31 December 2023.

(3) The registration as a job-seeker of a person who has been registered as a job-seeker on the basis of § 6 of the Labour Market Services and Benefits Act in force until 31 December 2023 ends on 31 December 2023. As of 1 January 2024, a person registered as a job-seeker until 31 December 2023 will be regarded as an employee or another person for the purposes of subsections 4 and 5 of § 3 of this Act and the provisions of the Labour Market Measures Act apply to such a person.

(4) If a person has submitted an application for registration of the person as a job-seeker to the unemployment insurance fund before the entry into force of this Act and no decision to register the person as a job-seeker has been made, as of 1 January 2024 the person will be regarded as an employee or another person for the purposes of subsections 4 and 5 of § 3 of this Act and the provisions of the Labour Market Measures Act apply to such a person and no decision to register the person as a job-seeker will be made.

### **§ 33. Special rule for provision of labour market service and payment of labour market benefit and unemployment allowance**

(1) A person to whom the provision of a labour market service or payment of a labour market benefit, except for unemployment allowance, provided in the Labour Market Services and Benefits Act in force until 31 December 2023 was commenced or with whom participation in the service had been agreed is provided with the labour market service or is paid the labour market benefit, except for unemployment allowance, on the conditions provided in the Labour Market Services and Benefits Act in force until 31 December 2023. In the event provided in the employment programme established on the basis of subsection 6 of § 6 of this Act, a person may be provided with a labour market service or labour market benefit on the conditions provided in the employment programme if they are more favourable to the person.

(2) If a person has expressed their wish to receive a labour market service to the unemployment insurance fund before the entry into force of this Act and the provision thereof has not been commenced, the labour market service will be provided on the conditions provided in the Labour Market Measures Act. If the employment programme established on the basis of subsection 6 of § 6 of this Act does not provide the requested labour market service, the labour market service will be provided on the basis of the legislation in force until the entry into force of this Act.

(3) A person to whom payment of unemployment allowance was commenced before the entry into force of this Act is paid unemployment allowance on the conditions provided in the Labour Market Measures Act.

(4) If a person has submitted an application for receipt of unemployment allowance to the unemployment insurance fund before the entry into force of this Act and no respective decision has been made on payment of the unemployment allowance, the relevant decision will be made on the conditions provided in the Labour Market Measures Act.

### **§ 34. Special rule for reclamation of amounts paid without legal basis**

(1) If the unemployment insurance fund has commenced the provision of a labour market service or payment of a labour market benefit, except for unemployment allowance, to a person on the basis of the Labour Market Services and Benefits Act in force until 31 December 2023, the proceedings for reclaiming the amounts paid without a legal basis will be carried out on the basis of the Act in force at the time when the circumstance of the reclamation emerged.

(2) If unemployment allowance has been granted to a person on the basis of the Labour Market Services and Benefits Act in force until 31 December 2023, the proceedings for reclaiming the amounts paid without a legal basis will be carried out on the basis of this Act.

(3) If the unemployment insurance fund has commenced reclaiming the amounts paid without a legal basis on the basis of the Labour Market Services and Benefits Act in force until 31 December 2023, the provisions of the Labour Market Services and Benefits Act in force until 31 December 2023 apply upon reclaiming the amounts paid without a legal basis and the provisions of subsection 3 of § 29 of this Act also apply upon reclaiming unemployment allowance.

### **§ 35. Unemployment insurance fund database**

The register of persons registered as unemployed or job-seekers, and of provision of labour market services specified in subsection 1 of § 8 of the Labour Market Services and Benefits Act in force until 31 December 2023 is regarded as the unemployment insurance fund database specified in § 35 of the Unemployment Insurance Act.

## **Subchapter 2 Amendment and Repeal of Acts**

§ 36.–§ 47.[Provisions amending other Acts have been omitted from the translation.]

### **§ 48. Repeal of Labour Market Services and Benefits Act**

The Labour Market Services and Benefits Act is repealed.

§ 49.–§ 50.[Provisions amending other Acts have been omitted from the translation.]

## **Subchapter 3 Entry into Force of Act**

### **§ 51. Entry into force of Act**

(1) This Act enters into force on 1 January 2024.

(2) Clauses 2, 4 and 5 of § 47 of this Act enter into force in accordance with the general rules.

<sup>1</sup> Directive 2010/41/EU of the European Parliament and of the Council on the application of the principle of equal treatment between men and women engaged in an activity in a self-employed capacity and repealing Council Directive 86/613/EEC (OJ L 180, 15.7.2010, p. 1–6); Directive 2008/104/EC of the European Parliament and of the Council on temporary agency work (OJ L 327, 5.12.2008, p. 9–14).